

On the flip side, there are a number of ways you can hurt your credit history and credit score:

- Making late payments. **Even just one missed payment can affect your credit report.**
- Writing checks when you don't have enough money in your account to cover them. (This is often called "bouncing" checks.)
- Having a lot of credit cards and loans. If lenders think you have too much credit available to you, they may perceive you as a risky customer.
- Maintaining high balances on your credit cards and loans. Especially with credit cards, lenders are leery of lending you more money if your balances are too close to your credit limit.
- Changing credit cards frequently. Lenders like to see credit card holders maintain long-term relationships with credit card companies. Your score may decrease a little if you're always switching to cards with a good introductory offer.

You're probably wondering—does it *really* matter what my credit score is? ***It matters a lot.*** Of course, the worst-case scenario when you have a bad credit score is not getting approved to borrow the money you need, not being able to rent an apartment, or not getting a job. Yes, people with bad credit can still get approved sometimes—but they pay a lot more for the privilege. People with low credit scores usually have to make higher down payments or pay higher interest rates. And remember, on big-ticket items, even 1 percent more in interest can have a huge effect on your budgeted fixed expenses.

Think of good credit as another important reserve to have. Just as it's good to have savings for unexpected expenses, a good credit score means you can always borrow money if the need arises.

Your Rights When Your Credit Report Is Wrong

The law requires that credit bureaus provide information about your credit history correctly, completely, and confidentially. You have the right to see everything in your report and, most of the time, who reported the information. Part of being a savvy consumer is regularly reviewing your credit report to make sure it is accurate and that there hasn't been any fraudulent use of your identity.

As discussed earlier, you are entitled to a free credit report every year, so there's no excuse for not monitoring your credit report at least annually.

If you do find something inaccurate on your report, don't panic. Simply contact a credit reporting agency, and ask a representative to investigate the information. By law, the agency must research the questionable item and correct or delete anything that's incorrect.

If that doesn't resolve your issue, you also have the right to attach a short statement to your credit report. You may want to describe the situation along with any facts that support your claim so the lender can take that information into account.

Finally, credit bureaus must delete unfavorable information that is more than seven years old. They also must remove information on any bankruptcy that is more than 10 years old. So even if you do go through a bad time, it won't be on your record permanently.



Assignment 4-4:

Please Correct My Credit Report

Imagine you recently discovered that your credit report is inaccurate. Write a letter to one of the credit reporting agencies to request that your credit report be corrected.

Getting Your Piece of the Credit Pie

It can be tough to get credit on your own when you're still in school. One way to get started is by asking a parent or another trusted adult to co-sign a credit card application or car loan for you. This means your co-signer is equally responsible for paying the debt. But if you don't pay the bill, it also means your co-signer is on the hook—legally and financially. Other ways to get started with credit include:

- Ask the place where you have your savings or checking account for a credit card application. Because you already have a track record there, it may be more likely to approve your application.
- Apply for a credit card from a store, which is often easier to get than the major bankcards.
- You could also apply for a secured credit card. Basically, you deposit money in an account and can make charges against that amount. Of course, if you don't make your payments, the lender can simply take this money.
- If you're renting a place with some of your friends, make sure to get at least one of the utility bills in your name and pay it on time.

Your first credit card may have a low credit limit on it, but that's okay. As you prove you're able to handle the credit sensibly, lenders are usually willing to offer you more credit over time.